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Globalization and the Empowerment of Women: An Analysis of Spatial Dependence via Trade and Foreign Direct Investment

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Summary. — This article tests the hypothesis that higher women's economic and social rights in foreign countries with which a country is connected *via* trade and foreign direct investment (FDI) spill-over into higher rights among the laggards—a phenomenon known as spatial dependence. Analyzing women's rights over the period 1981–2007 in a global sample and samples of countries at different stages of economic development, we find consistent evidence for spill-over effects *via* trade links, with the exception of a sample of low-income countries. We also find some evidence for similar effects *via* FDI, but only for economic rights and only in middle-income countries.

Key words — women's rights, spatial dependence, diffusion, globalization, trade, FDI

1. INTRODUCTION

The empowerment of women, understood as ensuring that women can fully enjoy the same rights as men and are not discriminated against, is normatively desirable. It is also instrumentally valuable because it promotes economic development if women can flourish and freely develop their full potential as talented and productive workers, mothers, care givers, and often more responsible managers of households than men in many countries (King & Mason, 2001; Sen, 1999; UNIFEM, 2008). Radical skeptics of globalization, among them many feminist writers and non-governmental organizations (NGOs), warn of the "masculinity" of "corporate globalization" leading to subjugation of women across the world (Chafetz, 1984; Enloe, 2007; Klein, 2007; Shiva, 2005; Ward, 1984). Wichterich (2000, p. 167), for example, argues that the "globalized woman is burnt up as a natural fuel: she is the piece-rate worker in export industries (...) the voluntary worker who helps to absorb the shocks of social cutbacks and structural adjustment." According to this view, globalization may have a particularly pernicious effect on the economic, social, and political life of women as profit-hungry corporations break down communitarian values and interests and breed hardships for the weak, particularly women (Parpart, Shirin, & Staudt, 2002; Wichterich, 2000). Of course, there are other voices, equally critical of globalization, but providing a more nuanced view and more rigorous analysis, in which the critique is about how globalization exacerbates gender inequalities entrenched and promoted by the exploitative nature of the trans-national capitalist system and the asymmetric bargaining power between (foreign) corporations on the one hand and governments, workers, and civil society groups on the other (see, e.g., Van Staveren, Elson, Grown, and Çağatay (2007) and the many references cited in this edited volume).

Contrarily, there are others who argue that globalization liberates women by providing opportunities through trade and investment, precisely because profit-hungry corporations hire the best workers without adhering to traditional social mores that typically privilege men. They argue that higher standards and better rights will spill-over to laggard countries, not least because of increased opportunities for employment and sensitivity of markets to wishes of the consumers in developed countries (Bhagwati, 2004; Spar, 1998; Spar & Yoffie, 1999). The level of globalization might also determine a country's vulnerability to international pressure for political change. Because of the recent proliferation of global agreements and advocacy networks, governments desiring "legitimacy and financial capital will want to demonstrate their human rights and democratic credentials" (Htun & Weldon, 2010, p. 212).

This study will systematically address the question of whether trade and investment linkages can diffuse the empowerment of women from high-standard countries to laggards. We also study the effect of general openness to trade and foreign direct investment (FDI), understood as the extent of a country's integration into the global economy, even if this is not the central focus of our argument and analysis. Equally important is clarity about what we do not analyze, namely the effects of certain policies, such as capital account liberalization, trade liberalization, investment incentives, *etc.* often associated with globalization. In other words, we analyze the effect of factual globalization and not policies often associated with being open to global processes. Similarly, while trade and FDI are two central aspects of globalization, we acknowledge that globalization has many other features (such as migration and the illegal trafficking of people, for example) not addressed in our analysis.

Existing studies have typically analyzed the effect of general trade openness and foreign direct investment (FDI) on

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women's empowerment, but they do not distinguish with whom a country transacts. Moreover, while some studies address a broad array of measures of women's rights, women's status, and material outcomes (see, e.g., Benería, 2003; Elson, 1999; Seguino, 2006; Van Staveren *et al.,* 2007), many studies only cover the employment ratio of women and the gender wage gap (Artecona & Cunningham, 2002; Berik, Rodgers, & Zveglich 2004; Black & Brainerd, 2004; Braunstein & Brenner, 2007; Denis, 2003; Fontana, Joekes, & Masika, 1998; Oostendorp, 2009; Tzannatos, 1999; Villarreal & Yu, 2007). As some argue, increased employment and higher wages do not amount to empowerment if exploitation and abuse accompany these positives (Çağatay & Ertürk, 2004; Elson, 1999; Fontana & Wood, 2000; Morrisson & Jütting, 2005; Standing, 1999) and while globalization may increase female employment and earnings in some countries, it may well reduce them in others (Kucera & Milberg, 2000).

Our research, therefore, departs from previous studies in two important ways. First, we employ broader measures of women's rights that include both economic *and* social rights, such as marriage and divorce rights, the right of movement, the right to property, the right to participate in social activities, the right to education, the right to inherit, *etc*. Together, women's economic and social rights are a better gauge of female empowerment than simple measures of the wage-gap and employment ratios (Moghadam, 2007). We use data from Cingranelli and Richards (2009) covering the period 1981–2007 that largely measure the fulfillment of these rights in practice rather than their mere existence in legal documents alone. Secondly, we examine whether it matters with whom one trades and receives FDI from, whereas existing studies have examined general openness to trade and FDI. For example, if a country mainly trades with and receives FDI from countries that violate rights, we would not expect domestic rights to flourish, an argument often made about African trade with China (Taylor, 2006). Given the many arguments around the issue of globalization that focus on spill-over *via* trans-national linkages, such effects should be explicitly modeled to test these arguments (see, similarly, Greenhill, Mosley, and Prakash (2009) on trade-based diffusion of general labor rights).

2. SPATIAL DEPENDENCE IN WOMEN'S ECONOMIC AND SOCIAL RIGHTS

Much of the literature on globalization and gender rights is critical of globalization's effects on women. This is generally consistent with many of the views expressed by NGOs and other parts of civil society that similarly see globalization as something to be resisted because, among other things, it disempowers women at the hands of the patriarchy and authority of male-dominated global capital. Skeptics of globalization see the trade and FDI links as exploitative, leading to the lowering of standards due to the profit motives of globalized capital *via* a race to the bottom, or at least leading to a reluctance of the laggards to raise standards (the "regulatory chill" thesis) (see the discussion and references cited in Mosley & Uno, 2007). Underlying such predictions is the oft-made assumption that enhanced women's economic and social rights would add to production costs and thus decrease a country's competitiveness in globalized markets, providing an economic incentive for lagging countries to oppose tightening (see, e.g., Elias, 2004; Enloe, 2007; Klein, 2007; Shiva, 2005; Wichterich, 2000).

Yet, this literature has recently come under criticism for missing the multifaceted ways in which women are affected by globalization; interestingly, some of this criticism is raised by scholars and writers very sympathetic to women's causes (Davids & Van Driel, 2005; Lenz, Ullrich, & Fersch 2007; Young, 2001). As some have written, "globalization cannot be viewed only as a nightmare scenario (...) one has to recall that the reconfiguration of the Fordist gender order also offers an opportunity for women to develop new strategies to achieve gender equality on a global scale" (Young, 2001, pp. 46,47). These arguments critical of the globalization critics are based on the observation that women are not mere passive receivers of hardship but are active agents that navigate social, economic, and political life and to whom globalization offers new opportunities for challenging existing injustices. Such arguments are reminiscent of earlier arguments about the spread of modernization that allows women a greater part in the social, political, and economic lives of societies. Modernization theorists would argue that greater contact between backward countries and more modern economies are likely to raise women's rights in the backward countries since forces of modernization threaten patriarchy and the discrimination against women (Donno & Russett, 2004).

Globalization optimists thus submit that openness to trade and FDI promote women's rights by increasing the opportunities for women to challenge traditional ways, partly due to the advance of modernization. Yet, what should matter more than openness *per se* is the fact that trade and FDI link countries with high standards to those that have lower standards, which could trigger processes of diffusion from the high-standard to the low-standard countries. The phenomenon where policies, standards or similar choices of one unit of analysis depend on the choices of other units of analysis is commonly known as spatial dependence and the hypothesis tested in this article is of spatial dependence in women's economic and social rights working *via* trade and FDI effects. Specifically, it is suggested that the incentive to raise women's rights is stronger where, firstly, major trading partners and, secondly, the major source countries for FDI themselves provide strong rights.

From a theoretical perspective, spatial dependence can result from coercion, competition, externalities, learning, or emulation (Simmons & Elkins, 2004). In other words, units of analysis, call them agents, change their behavior because others pressurize them to (Levi-Faur, 2005), because they need to find a competitive advantage (Basinger & Hallerberg, 2004), because the strategies carried out by other agents affect the payoffs they generate from their own behavior (Genschel & Plümper, 1997), because agents learn that other strategies proved to be more successful (Meseguer, 2005; Mooney, 2001), or because they want to mimic the behavior of others (Weyland, 2005).

For the case of spatial dependence in women's economic and social rights working *via* trade and FDI links, strict coercion is unlikely to be a prominent channel of diffusion, even though the United States and the European Union (EU) seem to have become more inclined recently to make improvements in general labor rights, which could have indirect advantages for women, a precondition for granting increased access to their domestic markets. Persuasion and pressure are more likely candidates than strict coercion, however. In an increasingly mobile world, advocacy networks provide transparency and information to consumers, creating greater awareness, not least because Western advocacy networks act as watchdogs who tie up with similar networks across the globe (Keck & Sikkink, 1998; Slaughter, 2004). The global women's movement plays an important role as it connects groups from different countries, allowing them to learn from and draw strength from each other as well as to monitor the state of women